

DESCRIPTION OF THE REQUIREMENTS FOR THE CONTENT OF THE BUSINESS PLANS FOR FINANCING UNDER MEASURES ADMINISTERED BY THE MINISTRY OF ECONOMY AND INNOVATION OF THE REPUBLIC OF LITHUANIA UNDER PRIORITY AXIS 1 “STRENGTHENING RESEARCH AND DEVELOPMENT AND INNOVATION” OF THE OPERATIONAL PROGRAMME FOR THE EUROPEAN UNION FUNDS’ INVESTMENTS IN 2014–2020

1. SUMMARY

The legal person presenting its plan (name, main areas of action of the applicant), the substance of the project to be implemented, the activities which are carried out and are to be carried out, the possibilities for commercialisation of the project (good, service, technology) (hereinafter referred to as the “product”) to be created or substantially improved, uniqueness thereof, the targeted customers and the added value offered to them, required financing, the value of the project (expenses necessary for research and development (hereinafter referred to as the “R&D”) activities, purchase of infrastructure), the set long-term objectives shall be described (up to one page).

Note: a summary of information indicated in paragraphs 1, 3, 4 of the Business Plan shall be provided in English (Annex 1).

2. DESCRIPTION OF THE LEGAL PERSON AND ACTIVITIES CARRIED OUT BY THE LEGAL PERSON

(If a partner(s) is (are) involved in the project, the section shall be filled in for each legal unit separately)

2.1. Information on the shareholders: name, identification code, number of held shares:

2.1.1. Information on the shareholders of the applicant:

Shareholder	Identification code*	Percentage of held shares

** If the shareholder is a natural person, the personal identification number shall not be indicated.*

2.1.2. Information on the legal persons the shares of which are held by the applicant:

Name of the legal person	Identification code	Percentage of held shares

2.1.3. Information on the legal persons the shares of which are held by the shareholders of the applicant:

Name of the legal person	Identification code	Percentage of held shares

2.2. Current activities: information on the nature of activity of the applicant according to the articles of association and the Statistical Classification of Economic Activities (hereinafter referred to as the “NACE Rev. 2”). The subclass, class (if impossible), the procedure for decreasing the scope, part in the whole activities of the company (information on the part of the activities in the whole activities of the company according to the documents of the financial statements for the last year) shall be indicated:

Activity(ies) carried out by the applicant	Percentage of the activities in the whole activities of the company	NACE class

2.3. Products offered by the applicant (information on the percentage of the product in the sales structure shall be provided according to the documents of approved financial statements for the last year):

Offered products	Percentage in the structure of sales	Purchaser of the product (country)

2.4. Information on export of the applicant. Structure of direct export (including export to the EU Member States) (during the last three years):

Year	Export expressed in value (EUR)	Percentage in the structure of sales income	Countries to which exports are made
20...			
20...			
20...			

3. PRODUCTS FOR THE DEVELOPMENT (IMPROVEMENT) OF WHICH FINANCING IS REQUESTED

3.1. Description of the new product to be developed or the product substantially improved:

3.1.1. The particular properties, measurable characteristics, technical solutions etc. of which the newly developed product is characterised, novelty of the developed product shall be described. The new properties as compared with the analogues in the market by which the product to be developed is characterised shall also be described, comparisons with analogues or closest substitutes shall be provided (if possible, comparing the specific parameters). If it is impossible to define the particular measurable properties of the product without carrying out any researches, a broader description of the intended use of the research results shall be provided. It shall be described how and why the afore-mentioned advantages of the product are important to the consumers, the benefit of the new products for the consumers, the problems to be solved by the new products etc.

3.1.2. Concerning the level of novelty of the product developed in the course of implementation of the project:

Product	Level of novelty*	Justification that the product for the development (improvement) of which financing is requested is new

* The level of novelty shall be assessed as specified in the Oslo manual, Guidelines for Collecting and Interpreting Innovations Data, 4rd Edition, OECD, Eurostat, 2018.

3.1.3. Justification that the project contributes to implementation of the Programme on the Implementation of Priority Areas of Research and (Social, Cultural) Development and Innovations (Smart Specialisation) and Their Priorities and concerns the topics in relation to implementation of at least one priority area:

R&DI priority area(s) and topics in relation to implementation*	Justification that the project concerns the topics in relation to implementation of at least one priority area

*The R&DI priority areas and topics in relation to implementation are approved by Resolution No 411 of the Government of the Republic of Lithuania of 30 April 2014 "On the Approval of Programme on the Implementation of Priority Areas of Research and (Social, Cultural) Development and Innovations (Smart Specialisation) and Their Priorities".

3.1.4. The research areas and fields of the Project (chosen in accordance with Resolution no 1840 of the Government of the Republic of Lithuania of 29 December 2010 "On the Classification of Research Areas, Fields and Branches" and Order No V-93 of the Ministry of Education, Science and Sport of the Republic of Lithuania of 6 February 2019 "On the Approval of the Classifications of Research Areas and Areas of Art"):

Research area of the Project	Research field(s) of the Project (Not more than two areas shall be indicated marking the main research area)
<input type="checkbox"/> (H) Humanities <input type="checkbox"/> (S) Social sciences <input type="checkbox"/> (P) Physical sciences <input type="checkbox"/> (A) Agricultural sciences <input type="checkbox"/> (B) Biomedicine sciences <input type="checkbox"/> (T) Technological sciences	1. 2.

3.1.5. Key words of the Project (Key words describing the substance of the research of the project. Not more than 100 words shall be provided).

3.2. Estimated eligible expenses of the Project:

Seq. No	Category of expenses	Amount, EUR
1.	Investments in intangible and intangible assets	
2.	Wage expenses	
3.	Expenses of depreciation of tools and equipment	
4.	Patenting expenses etc.	
5.	Expenses of services, materials, accessories etc.	
6.	Other expenses	

Seq. No	Category of expenses	Amount, EUR
7.	Expenses of activities in relation to introduction of processes and organisational innovations	
8.	Total:	

! *Estimated eligible expenses of the Project must coincide with the expense justification documents and information laid down in paragraph 6 "Financial Plan" hereof.*

! *Conformity of paragraphs of Table 3.2. with the budget of the Application:*

- *Expenses allocated for the activities specified in subparagraph 10.1 of the Description of the Conditions of Funding of Smart FDI Projects under the Measure (hereinafter referred to as the "Description"):*
The expenses provided for in paragraph 2 shall fall under expense category No 5 (subparagraphs 5.6. and 5.7. of Table 2 (hereinafter referred to as the "Table") of Summary 2 of Annex 1 A (Excel table) to the Business Plan);
The expenses provided for in paragraph 3 shall fall under expense category No 5 (subparagraph 5.5 of the Table of Annex 1 A to the Business Plan);
The expenses provided for in paragraph 4 shall fall under expense category No 4 (paragraph 4 of the Table of Annex 1 A to the Business Plan);
The expenses provided for in paragraph 5 shall fall under expense category No 5 (subparagraphs 5.1–5.4 of the Table of Annex 1 A to the Business Plan);
- *The expenses provided for in paragraph 6 shall fall under expense categories Nos 5 and 7 (subparagraphs 5.8, 5.9 and paragraph 7 of the Table of Annex 1 A to the Business Plan);*
- *The expenses allocated for the activities specified in subparagraph 10.2 of the Description:*
The expenses provided for in paragraph 1 shall fall under expense categories Nos 3 and 4 (Table of Annex 1 B to the Business Plan).
- *The expenses allocated for the activities specified in subparagraph 10.3 of the Description:*
The expenses provided for in paragraph 7 shall fall under the expenses "Total" indicated in the summary table of Annex 1 C to the Business Plan).

3.3. The matters concerning intellectual property of the products to be produced: Will be products be patented? If yes, where they shall be patented and to whom the intellectual property shall belong?

4. PLAN FOR DEVELOPMENT (IMPROVEMENT) OF THE PRODUCT FOR WHICH FINANCING IS REQUESTED

4.1. Place (exact address) of implementation of the Project.

4.2. The Project implementation team: justification that the applicant has (or has planned) a sufficient number of persons of appropriate qualification who shall implement the Project (curriculum vitae of the current employees, qualification requirements for new employees etc. shall be provided in Annex 3 to the Business Plan), the project manager of the R&D activities shall be indicated (the function cannot be assigned to the project manager of administrative activities).

(If a partner(s) is (are) involved in the project, the section shall be filled in for each legal unit separately)

4.2.1. Current employees of the company responsible for implementation of the R&D activities:

Position in the Project	Area of responsibility in carrying out of the R&D activities	Minimum qualification requirements for employees

4.2.2. Additional employees necessary for carrying out of the R&D activities:

Position in the Project	Area of responsibility in carrying out of the R&D activities	Minimum qualification requirements for employees	Period (year and month) of planned employment

4.2.3. Project administration team: position, experience, area of responsibility.

4.3. Justification of the R&D activities necessary for development (improvement) of the product. Justification that there is a lack of certain knowledge for development of the new product. Justification why the activities to be carried out are considered as the R&D activities, i.e. existence of the particular scientific and/or technological uncertainties/problems which must be solved in order to develop (improve) the planned product shall be specified. The activities allowing to deal with the uncertainties shall be described:

Uncertainties arising in developing the product	Activity(ies) allowing to deal with the uncertainties (in relation to information provided for in subparagraphs 4.5.1 and/or 4.5.3)

! *Such acquisition of knowledge or skills where the person learns how to work with certain technologies which have already been developed or adapt them in the company's processes (i.e. where research or technological uncertainties are not dealt with or such uncertainties are dealt with and available) is not considered as R&D.*

4.4. Review of national and international researches in the area of development of the product: brief analysis of literature shall be provided (only links to the sources shall be provided and only the main results of the researches shall be described, scope: up to 3 pages).

4.5. Plan for the R&D activities. The activities to be implemented in order to deal with the particular research or technological uncertainties or problems shall be specified. The need for the equipment to be purchased shall be justified (if applicable):

	YES*	NO
1. Are the activities provided for in subparagraph 10.1 of the Description to be carried in the Project?		
2. Are the activities provided for in subparagraph 10.2 of the Description to be carried in the Project?		
3. Are all the three activities provided for in the Description to be carried in the Project?		
4. Are the activities provided for in subparagraphs 10.1 and 10.2 of the Description to be carried in the Project?		
5. Are the activities provided for in subparagraph 10.1 and 10.3 of the Description to be carried in the Project?		
6. Are the activities provided for in subparagraph 10.2 and 10.3 of the Description to be carried in the Project?		

** If you answered "YES" to question (1), please fill in Table 4.5.1; if you answered "YES" to question (2), please fill in Table 4.5.2, if you answered "YES" to question (3), please fill in Tables 4.5.1, 4.5.2., 4.5.3 and, and if you answered "YES" to the questions in paragraphs below, fill in the tables accordingly.*

4.5.1. Plan for the R&D activities in implementation of the project. A separate table shall be completed for each project activity (the level of details of the table must be such that the content and consistency of the works to be carried out were disclosed):

Number and title of the project activity	
Details of the project activity and description of the actions to be carried out	<i>Purpose of the activity, information on the carried out R&D activities, uncertainties to be dealt with, need for equipment etc. shall be indicated. The tasks of the activities shall be detailed specifying the duration of the task (from month X of the project to month Y of the project) (not calendar month)) and expected result of the task (e.g. technical specification, report, active prototype function, test report etc.), the questions to be answered in implementation of the task shall be described.</i>
Number(s) and name(s) of the physical indicator(s)	

4.5.2. Plan for the R&D activities at least for the period of 3 years from the completion of the project. The plan shall be drawn up only for the R&D activities for the performance of which the equipment to be purchased in the project shall be used:

Name of the R&D activity	Purpose and description of the activity	Duration of the activity (in months from the end of the project)	Expected result of the activity	Justification of the need for the R&D activities *

* The particular equipment to be used for separate R&D activities shall be indicated, the need for equipment and technical characteristics thereof for carrying out of such activities shall be indicated. If the infrastructure is to be used for production, the ratio of the time of use of the infrastructure to the R&D activities and other activities not related to R&D, the intensity of use of the infrastructure for performance of the R&D activities shall be indicated.

4.5.3 Plan for the activities in implementation of the activities provided for in subparagraph 10.3 of the Description.

Number and title of the project activity	
Details of the project activity and description of the actions to be carried out	<i>Purpose of the activity shall be indicated, the tasks of the activities shall be detailed specifying the duration of the task (from month X of the project to month Y of the project) (not calendar month)) and expected result of the task shall be described.</i>
Number(s) and name(s) of the physical indicator(s)	

4.6. Assessment of the risk posed by the R&D activities. The most risky R&D activities (critical points) the failure in implementation of which (failure in achievement of the expected result) would result in impossibility to carry out other R&D activities or non-development (non-improvement) of the final product which is being substantially changed and/or has the expected properties shall be indicated. The measures mitigating the risks in relation to the R&D activities shall be indicated.

4.7. Reasonableness and benefits of the partnership (applicable if the project is implemented with partners).

5. DESCRIPTION OF PLACING THE PRODUCT ON THE MARKET

5.1. Description of the product market:

- 5.1.1. Product demand and supply forecast (the estimates supporting the forecast shall be provided);
- 5.1.2. main targeted consumers of the products to be produced, market characteristics including the size of the products, forecasted growth, seasonal variations in the market, product cycles etc.;
- 5.1.3. product substitution level.

5.2. Main competitors (five main competitors shall be assessed, if the number of competitors is lower, please provide the explanations) and the plans for competition in the future (positioning in respect of competitors):

Name of the competitor	Market share (in the chosen market in which competition is to take place)	Attractiveness of the competitor to consumers (in terms of the price, quality, logistics etc., strengths and weaknesses of the competitor)

5.3. Pricing:

- 5.3.1. information on the price of the product, comparison with the prices of similar products (if any) offered by the main competitors;
- 5.3.2. assumptions on the basis of which the price of the product is determined and the main factors influencing determination of the price.

5.4. Distribution of the developed (improved) products, place and methods of delivery:

Product	Method of distribution	Possible partners

5.5. Potential for commercialisation of the projects developed (improved) for the project:

5.5.1. Level of technological preparedness of the product:

Product	Level of technological preparedness of the product* <i>(the level of technological preparedness of the product at the start of the project and at the end of the project shall be indicated)</i>	Justification that the product corresponds to the respective level of technological preparedness

* The level of technological preparedness of the product shall be established in accordance with the Description of the Recommended Classification of Research and Development approved by Resolution No 650 of the Government of the Republic of Lithuania of 6 June 2012.

5.5.2. Justification of the path from the idea of the product to is commercial justification. The actions and resources necessary for development of the product and placing of the product on the market shall be described, possible risks shall be indicated and risk management shall be justified.

5.5.3. Barriers of entry into the market:

5.5.3.1. Legal aspects of the barriers of entry into the market:

Product	Legal aspects of the barriers of entry into the market	Explanation
		<i>It shall be indicated if placing of the product on the market (commercialisation) requires licences, authorisations, certificates, standards etc.</i>

5.5.3.2. Infrastructural aspects of the barriers of entry into the market:

Product	Infrastructural aspects of the barriers of entry into the market	Explanation
		<i>It shall be indicated if the infrastructure (premises, equipment etc.) required for placing of the product on the market (commercialisation) is available, shall be purchased, rented etc. or if the premises meet the requirements for production of the product etc.</i>

5.5.3.3. Financial aspects of the barriers of entry into the market:

Product	Financial aspects of the barriers of entry into the market	Explanation
		<i>The financial assumptions necessary for placing the product on the market (commercialisation), i.e. the need for investment and the need for working capital (for what, how much and when the funds shall be required); sources of financing (own funds, borrowed funds etc.), assumptions relied upon etc. shall be indicated.</i>

6. RESOURCES NECESSARY FOR DEVELOPMENT (IMPROVEMENT) OF THE PRODUCT

! The resources necessary for development (improvement) of the product shall be listed in the Excel form "Necessary Resources" attached to Annex 1 to the Business Plan.

! Separate sheets of the Excel form shall be completed for each physical indicator of the project.

The wage expenses shall include the wage to be calculated and paid out and expenses in relation to the employment-related obligations of the employer (social insurance taxes, contributions to the guarantee fund, wages for annual leave during the period of implementation of the project, compensation for not used annual leave, sickness allowances paid by the employer). For the purposes of justification of the wage rate, the accounting statements concerning the wage calculated (including the employer's taxes) and paid out during the last six months to the date of submission of the application shall be provided.

! The expenses of depreciation of the assets purchased from the funds granted as the aid shall not be eligible.

! If a partner(s) seeking for financing is/are involved in the project, the overheads of each partner shall also be calculated.

Area of the premises allocated for the project on a pro rata basis shall be calculated in accordance with the requirements of the Description but not exceeding more than 30 per cent of the minimum area per workplace set forth in the Lithuanian Hygiene Standard HN 32:2004 "Work with Video Terminals. Safety and Health Requirements".

If it is planned to rent some additional area (e.g. specific laboratories etc.), such expenses shall be given in factual expression and the commercial proposals, letters of intent or other documents supporting the rent rate shall be provided.

To substantiate the expenses of rent of the premises, a contract for rent of the premises shall be provided. To substantiate the equipment rent expenses, the contracts, letters of intent or commercial proposals shall be provided.

The rent of the equipment purchased from the funds of the EU support cannot be financed from the funds of the project.

To support the amount of expenses of the office supplies, an accounting statement concerning the actual expenses incurred during the last year to submission of the application shall be provided.

6.1. Description of the main assets and resources available to the applicant (partner) and used in the course of implementation of the R&D activities:

Name of the assets (land, premises, equipment etc.)	Form of ownership	Part used for carrying out of the R&D activities (m ² , per cent, units)	Method of determination of the part of the assets necessary for implementation of the project	R&D activities for which the assets shall be used

6.2. Ensuring of energy, infrastructure and other resources necessary for performance of the R&D activities at the chosen place of implementation of the project.

6.3. Ensuring of the environmental protection requirements.

6.4. Ensuring of eligibility of the regional investment aid (compliance with the provisions of Article 14(7) of Commission Regulation (EU) No 651/2014 of 17 June 2014):

	YES*	NO
1. Will the EU investment be used for substantial change of the production process?		
2. Will the EU investment be used for diversification of the current activities of the company?		

* if you answered "YES" to question (1), please fill in paragraph 6.4.1, if you answered "YES" to question (2), please fill in paragraph 6.4.2.

6.4.1. Assessment of the investment used for substantial change of the production process:

	Total, EUR	20... actually	20... actually	20... actually
1. Depreciation of the assets being modernised (during 3 financial years)				
2. Eligible expenses of the project				

Are eligible expenses of the project higher than the total amount of depreciation of the assets related to the activities being modernised?	
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6.4.2. Assessment of the investment used for diversification of the current activities of the company:

	20... actually
1. Value of the re-used assets recorded in the balance sheet in the financial year before the start of the project, EUR	
2. Eligible expenses of the project, EUR	
Are eligible expenses of the project higher than the value of the re-used assets by 200 per cent? ("YE" if (2) > 2*(1) and "NO" if (2) < 2 * (1))	

7. FINANCIAL PLAN

! *The financial plan shall be completed in the Excel form "Financial Plan" laid down in Annex 2 to the Business Plan.*

! *Full scope financial plan shall be completed in case if the activity provided for in subparagraph 10.2 of the Description is implemented in the project (i.e. financing of the expenses of purchase of non-current assets shall be requested).
In case if only the activity provided for in subparagraph 10.1 of the Description of the activities provided for in subparagraphs 10.1 and 10.3 of the Description are carried out in the project (i.e. only financing of the expenses of implementation of the R&D activities (expenses of wages, services, materials, purchase of low-value inventory, depreciation, rental etc.) shall be requested), the forecast assumptions shall be provided and Tables 5.1.3, 5.2, 5.5.1(a), 5.5.2(a) shall be completed.*

! *The assumptions of financial forecasting shall be based on the data of the financial statements and/or statistical information of the reference year and/or previous year.
The information provided in the financial forecasts shall not be in contrary with the information indicated in paragraph 6 of the Business plant and provided taking into consideration the information provided in other paragraphs.
The financial forecasting tables shall be completed in accordance with the methods and rules employed for management of accounts and drawing up of financial statements.*

! *For the purposes of drawing up of the financial plan:
Financial forecasts shall be provided during the project implementation period and for five years from the end of implementation of the project activities.
Two scenarios shall be provided for all calculations: with financing of the European Union and without financing of the European Union.
In case of both scenarios, the scope of the project (investments) should not differ.*

! *If more than one product is produced due to investments, a separate table shall be filled in for each product.*

7.1. Ratio of the income expected by the company from implementation of the project during the period of implementation of the project and 3 years from the end of implementation of the project activities and the products directly developed and placed on the market in the course of implementation of the project to the eligible expenses of the project:

Received income, EUR	Eligible expenses of the project, EUR	Ratio of income to expenses, per cent

7.2. Investment efficiency indicators:

Indicator	Value
Net present value	
Internal rate of return	

Indicator	Value
Payback period for investment	

8. REFERENCES

The used references (scientific articles, information on the internet etc.) shall be indicated.

9. ANNEXES

1. A summary of the information provided for in paragraphs 1, 3, 4 of the Business Plan in the English language shall be provided.
2. Excel table "Necessary Resources".
3. Excel table "Financial Plan".
4. Other information which may be important in assessment of the Business Plan and was not provided in the Business Plan: curriculum vitae of employees, job descriptions of new employees, diagrams, plans, financial data, market research, preliminary contracts with purchasers etc.

10. FINAL PROVISIONS

The structure of the Business Plan shall be clear and logical. The recommended scope of the Business Plan shall be up to 30 pages (excluding annexes).
